

SEC Thailand's Public Hearing on Proposed Amendments to Regulations on Advertising and Sales Promotion of Mutual Funds

The SEC Thailand is seeking public comments on the proposed amendments to regulations on advertising and sales promotion of mutual funds. The proposed amendments are part of the SEC's Regulatory Guillotine, which aims to revise the existing rules to be more efficient, in line with the current business landscape, and more flexible for business operators while maintaining the highest quality of investor protection.

Over recent years, the coronavirus pandemic coupled with technology disruptions have shifted the business landscape at an accelerating pace. With work-from-home and social-distancing policies, investors prefer to invest via digital and online channels as opposed to the traditional ones, like visiting bank branches or Automated Teller Machines (ATMs). The current regulations relating to advertising and sales promotion of mutual funds may not therefore accommodate the new business models that arise from the aforementioned disruptions.

In addition, the SEC's regulations regarding advertising and sales promotion of mutual funds consist of both principles-based and rules-based regulations, where the latter provides specific details in which business operators must comply with when advertising and making sales promotion of mutual funds. Meanwhile, the Association of Investment Management Companies ("AIMC") also issued the Notice on sales promotion of mutual funds, in which the business operators must conform with. As a result, there are duplicating rules that govern the advertising and sales promotion of mutual funds, which create burdens on business operators.

In this regard, the SEC is proposing to reform the rules on advertising and sales promotion of mutual funds. Examples include:

Advertising

- Waiving the communication of mutual funds' specific warnings for the advertising broadcasts via television, radio or other channels which have limitation on commercial time allowed. The proposed amendment would make the regulations more efficient and accommodative to communication channels; and

Sales promotion

- Removing the rules in detail on sales promotion of mutual funds; nevertheless, business operators still have to comply with the existing principle-based regulations as well as the Notice issued by AIMC. The proposed amendment would eliminate the duplicacy of regulations, provide greater flexibility in sales promotion of mutual funds, and accommodate the new business models.

For further details of this public hearing, please visit https://www.sec.or.th/EN/Pages/PB_LISTVIEW.aspx. Also, stakeholders and interested parties are welcome to submit comments and recommendations via the website or email: slil@sec.or.th and sireetho@sec.or.th

The public hearing process will end on 9 September 2021.